

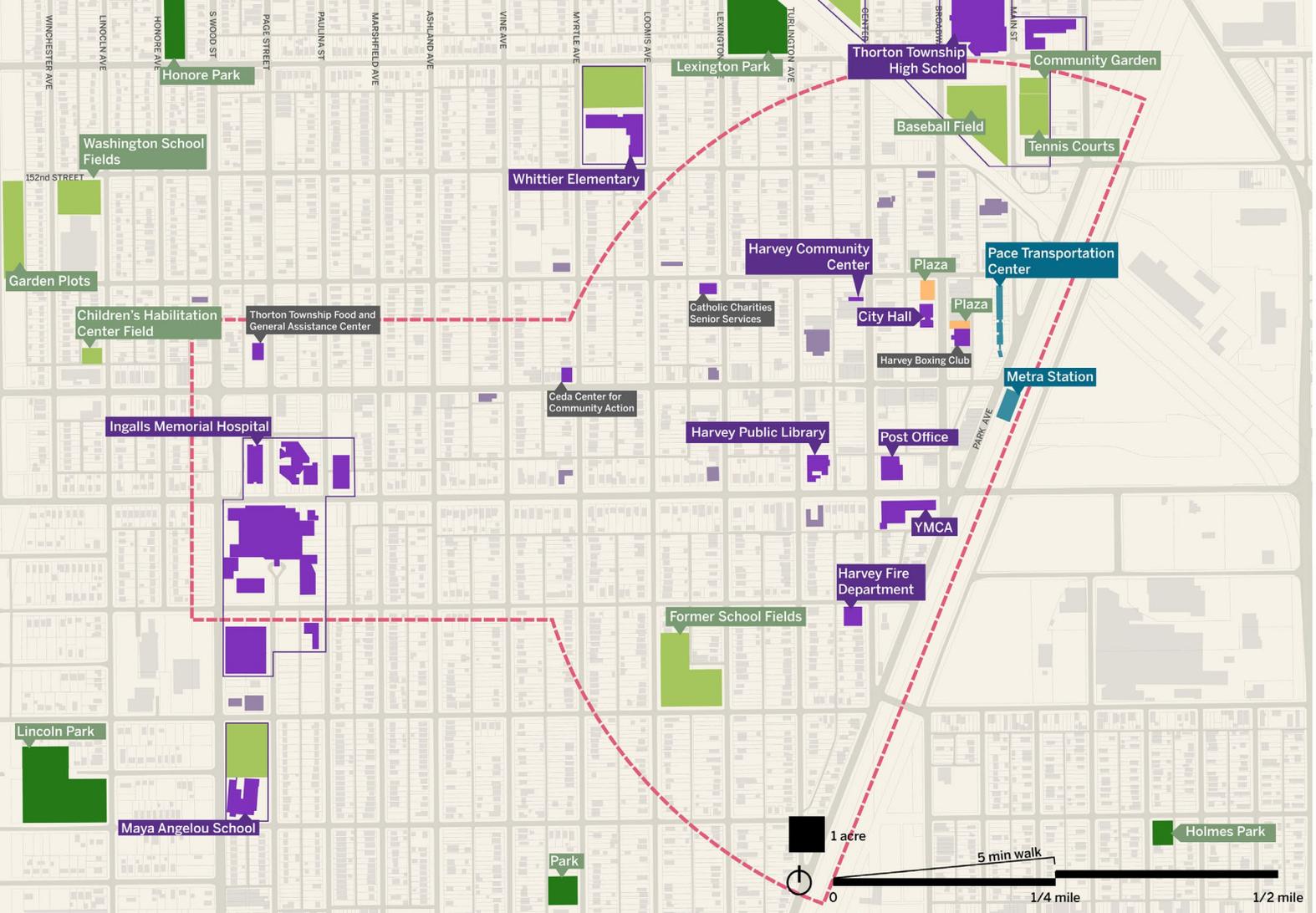
**HARVEY TOD STUDY AREA MARKET ASSESSMENT  
August 2021**

Kretchmer Associates prepared the attached market assessment on the potential for residential, retail and office uses in Downtown Harvey, as well as for the corridor extending west on 154th and 155th streets from Downtown to Ingalls Memorial Hospital. We conducted the following for this:

- Toured the Study Area, other areas of Harvey and competitive locations near Harvey
- Conducted interviews with City staff, members of the Steering Committee, residential and commercial Realtors, developers, business owners/managers, and representative of Ingalls Hospital Foundation.
- Gathered and analyzed demographic data on Harvey and the area from which development could draw
- Contacted representatives of the existing affordable housing properties in Harvey
- Gathered data on market rents as a comparison to affordable rents
- Obtained data on housing trends in and near Harvey
- Obtained data on retail market and sales trends in and near Harvey
- Analyzed the demand for additional housing and commercial space in the Study Area
- Coordinated with members of the consultant team on existing conditions and potential developments that would be feasible.

A map of the TOD Study Area is on the following page.

# Study Area



- Plaza
- Other Open Space
- Public Park
- Transportation Facilities
- Religious Facilities
- Community Facilities
- Study Boundary





## Conclusions and Recommendations

### Overview

While Downtown Harvey and the TOD Study Area are not considered prime development locations at the present time, under the new administration, the City has undertaken significant efforts to improve physical, financial and safety issues. The TOD Plan is another element in this ongoing effort.

Downtown Harvey is the civic center of the community and benefits from the Metra commuter station and Pace bus terminal, to be upgraded into the new transportation center. Other attributes include the proximity to Thornton Township High School, and the newly approved residential building adjacent to City Hall, Harvey Lofts. This will add 51 new affordable housing units and will be the first major residential investment in the city in over a decade.

UChicago Ingalls Memorial Hospital at the west end of the Study Area on Wood Street is a major stabilizing force with over 1,200 employees, as well as visitors coming every day. This is an important anchor with a long-term commitment to staying in the city, investing in its physical plant and immediate neighborhood, and improving the health of residents in and near Harvey.

Harvey has suffered a steady decline in population, households, housing units, and employment over the past decades. The median household income is low at \$29,000. Residential vacancy is a major issue with hundreds of boarded up, vacant and uninhabitable properties. The City is working on taking ownership of these properties, finding people to fix them up, and tearing down ones that are beyond repair. This needs to be ongoing to improve the city's image. Residents are concerned about crime and safety, which needs to be addressed if Harvey is to attract new residents and businesses.

### Housing

Property values are low in Harvey, though foreclosures are way down. The median sales price has been increasing steadily over the last five years, though at \$40,000 in 2020, prices are well below neighboring communities. The rental market is stronger, with a median gross rent of \$946 and vacancy rate of less than 5%. However, there are very few market-rate rental buildings in the city and much of the rental stock is single-family homes. Affordable senior buildings are very well occupied with waiting lists.





There is potential demand for more rental housing in Harvey and in the area from which new buildings would draw. Kretchmer Associates delineated the market area as a 10-minute drive from Downtown Harvey, which encompasses all of Harvey and portions of the adjacent communities. We estimate demand for 365-527 new affordable senior apartments by 2026 for households over age 65 with incomes less than \$40,000 (60% of the Area Median Income or AMI) to serve this market area. Harvey won't capture all of this demand, but could attract a portion of it.

We estimate demand for 1,374-1,649 affordable family units in the market area to serve households under 65 with incomes less than \$50,000 (60% AMI for four-person households). In addition, there is demand for another 257-386 units of workforce housing for those with incomes of \$50,000-75,000 (up to 80% AMI for a four-person household). Again, these estimates are for the entire market area, so Harvey can expect to capture only a portion of this demand, as long as improvements are made to address the city's image and safety issues.

There are numerous vacant lots in and near the TOD Study Area. Downtown is an appropriate location for medium density housing. 154th Street, heading west of Downtown to Ingalls Hospital, is appropriate for two and three-story walk-up buildings and townhouses. With all of the vacant land in the Study Area, it is important to fill in whole blocks, rather than develop in piecemeal fashion with a few buildings scattered throughout. One-story buildings for seniors could be included on 154th Street as well. Likely funding will come from Low-Income Housing Tax Credits, Cook County, banks, and social equity investors.

### Retail and Office

There is very limited retail and office space Downtown. Most buildings are not in suitable condition to attract retailers or office tenants. Competition along more heavily travelled roads such as 147th and 159th streets, as well as Halsted Street in Homewood, makes it more difficult to attract national retailers Downtown. Since Downtown is not on a major thoroughfare, and railroad tracks and industrial use limit patronage from the east, small and local entrepreneurs are the most likely businesses for a revitalized Downtown.

Harvey's total retail sales are low, and except for automotive and gas stations, they are well below most of the neighboring communities in all categories on a per capita basis. As such, the city is underserved, and residents must travel outside for most retail needs. The closing of Aldi on 159th Street and Walgreens on 147th Street left two major retail voids.



The overall retail environment over the past few years has been challenging not just in Harvey, and this has accelerated since COVID-19. With more retail bankruptcies, strategic store closings, and increase in e-commerce sales, there is excess retail space all over the metro area including the south suburbs. This means that retailers and restaurants have many choices and can be highly selective.

Assuming physical improvements Downtown, we recommend targeted rehabilitation of buildings that can be economically viable for smaller local tenants. This will likely require financial assistance from the public sector, as well as partnerships with local and national banks working on community development in underserved areas. New construction will need similar assistance, as well as use of the Cook County Class 7 property tax assessment reduction, to keep taxes and occupancy costs more reasonable for cost conscious businesses.

Organizations such as the Southland Development Authority and Allies for Community Business provide technical assistance, as well as access to grants and loans to entrepreneurs in neighborhoods such as Harvey. The City needs to engage with these organizations, as well as the local commercial brokerage community to identify potential tenants and market space Downtown. An updated website that provides information on available sites and contacts will also be important.

As with the residential development, commercial development needs to be clustered so that shoppers can easily walk from one business to another without moving their cars or walking past vacant buildings. This will also enhance the overall image of Downtown and provide needed activity. Safety is critical for business owners, employees, and patrons.

There is only so much retail space that can be attracted to Harvey. As such, it is important that attention be placed Downtown to complement the new transit center and Harvey Lofts residential building. Some convenience-oriented retail use or restaurant could be supported near Ingalls Hospital, but too much there would dilute retail opportunities Downtown.



## Demographic Trends

Kretchmer Associates analyzed the trends for the City of Harvey, as well as the area within a 5- and 10-minute drive from the Downtown Metra station. The map on the following page shows these areas. The area within a 5-minute drive is the likely market area for convenience-oriented retail uses. It includes much of Harvey, as well as portions of neighboring Phoenix and Riverdale. The 10-minute drive area includes parts of Dolton, Blue Island, Markham, Hazel Crest, South Holland, Thornton, and Homewood. New housing, particularly affordable housing, could attract people from these nearby suburbs.

The City of Harvey, as well as the areas within both a 5- and 10-minute drive from the Metra station experienced a decrease in population and households over the past decade, as shown in Table 1 below. The City experienced a more significant decline than the area within 10 minutes drive. According to the recently released 2020 Census, Harvey's population declined by 20% since 2010. However, projections by demographic data vendor, Esri, project a much smaller rate of decline in all three areas in the next five years.

The City has a younger age profile and larger households than the area within 5- and 10 minutes drive. The share of children in Harvey is higher, while the senior share is lower, accounting for the lower median age.

Harvey's Hispanic population has been increasing steadily over the past 10 years. The share increased from 19% in 2010 to 25% as of the 2020 Census. The city's Hispanic share is 9 percentage points higher than the share in the 5- and 10-minute area.

Table 2 shows the income characteristics of Harvey and the 5- and 10-minute drive time areas. Harvey's median household income of \$28,700 is well below that of the 5- and 10- minute drive time areas. Sixty-eight percent of Harvey's households earn less than \$50,000, compared to 63% in the 5-minute area and 51% in the 10-minute area.



# Harvey TOD - 5 and 10 minute drive times

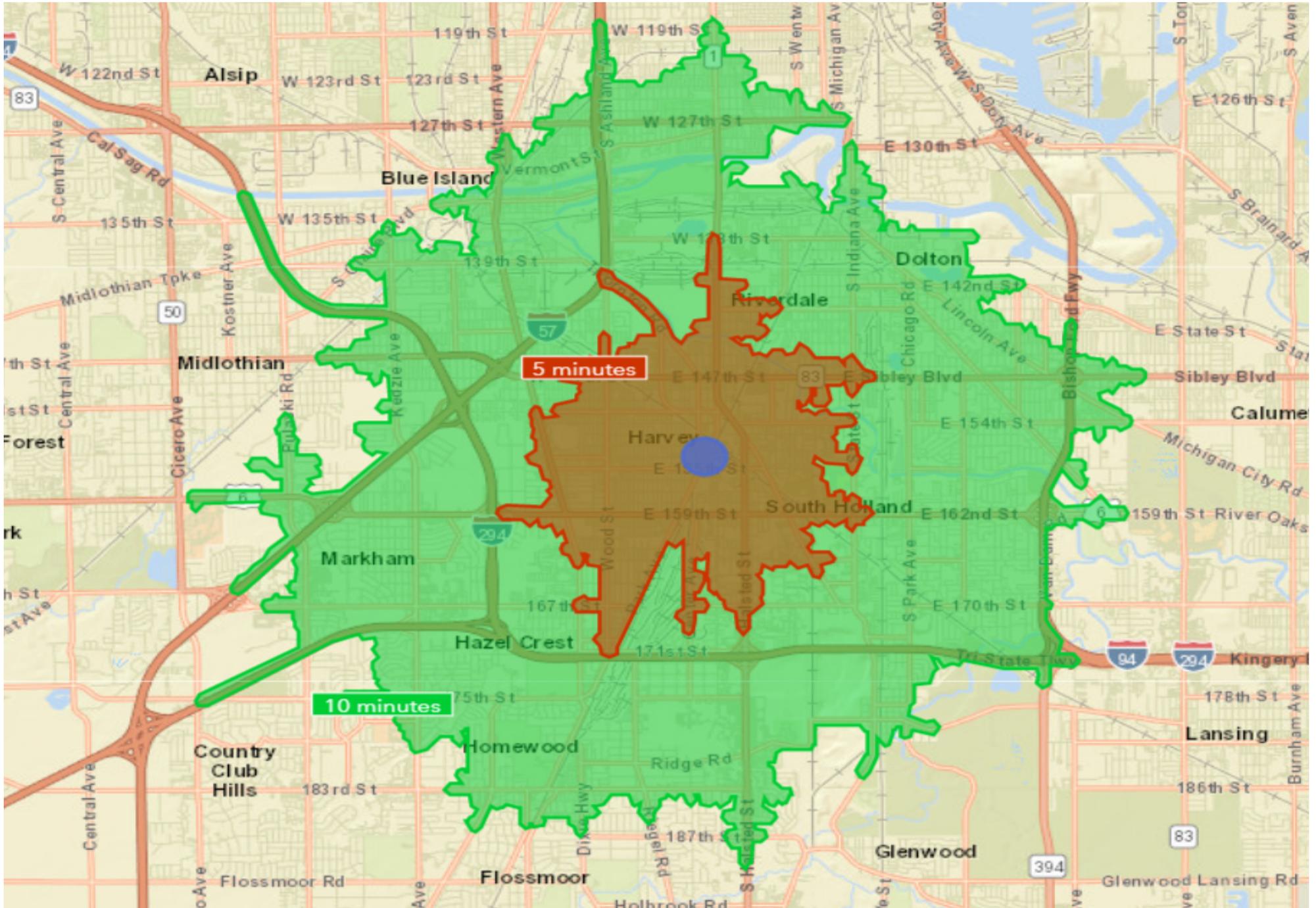


Table 1

**POPULATION CHARACTERISTICS**  
City of Harvey, 5- and 10-Minute Drive Time

	Harvey City		5-Minute Drive		10-Minute Drive	
	Number	Percent	Number	Percent	Number	Percent
<u>Population</u>						
2000 Census	29,947		36,463		169,512	
2010 Census	25,255		31,135		157,461	
Change, 2000-2010	-4,692	-15.7%	-5,328	-14.6%	-12,051	-7.1%
2020 Census	20,234		NA		NA	
Change, 2010-2020	-5,021	-19.9%				
2021 Estimated	21,642		27,012		146,942	
Change, 2010-2021	-3,613	-14.3%	-4,123	-13.2%	-10,519	-6.7%
2026 Projected	20,677		25,864		143,000	
Change, 2021-2026	-965	-4.5%	-1,148	-4.2%	-3,942	-2.7%
<u>Households</u>						
2000 Census	8,977		11,267		57,045	
2010 Census	7,934		10,037		53,751	
Change, 2000-2010	-1,043	-11.6%	-1,230	-10.9%	-3,294	-5.8%
2021 Estimated	6,822		8,783		50,541	
Change, 2010-2021	-1,112	-14.0%	-1,254	-12.5%	-3,210	
2026 Projected	6,521		8,420		49,233	
Change, 2021-2026	-301	-4.4%	-363	-4.1%	-1,308	-2.7%
Average Household Size, 2021	3.14		3.05		2.88	
Median Age, 2021	33.2		34.7		36.7	

NA Not Available

Source: Esri; U.S. Census

Table 2

**INCOME CHARACTERISTICS**  
City of Harvey, 5- and 10-Minute Drive Time

	Harvey City		5-Minute Drive		10-Minute Drive	
	Number	Percent	Number	Percent	Number	Percent
<u>2021 Household Distribution</u>	6,823		8,783		50,542	
Under \$15,000	2,069	30.3%	2,311	26.3%	8,501	16.8%
\$15,000-24,999	974	14.3%	1,196	13.6%	5,117	10.1%
\$25,000-34,999	823	12.1%	1,049	11.9%	5,605	11.1%
\$35,000-49,999	758	11.1%	969	11.0%	6,701	13.3%
\$50,000-74,999	1,071	15.7%	1,449	16.5%	8,845	17.5%
\$75,000+	1,128	16.5%	1,809	20.6%	15,773	31.2%
Median Household Income	\$28,773		\$33,029		\$48,098	
<u>2026 Household Distribution</u>	6,521		8,420		49,233	
Under \$15,000	1,857	28.5%	2,062	24.5%	7,510	15.3%
\$15,000-24,999	856	13.1%	1,049	12.5%	4,424	9.0%
\$25,000-34,999	749	11.5%	953	11.3%	5,133	10.4%
\$35,000-49,999	716	11.0%	902	10.7%	6,294	12.8%
\$50,000-74,999	1,064	16.3%	1,419	16.9%	8,434	17.1%
\$75,000+	1,279	19.6%	2,035	24.2%	17,438	35.4%
Median Household Income	\$31,733		\$36,883		\$52,623	

Note: Numbers may not sum to given totals due to rounding.

Source: Esri

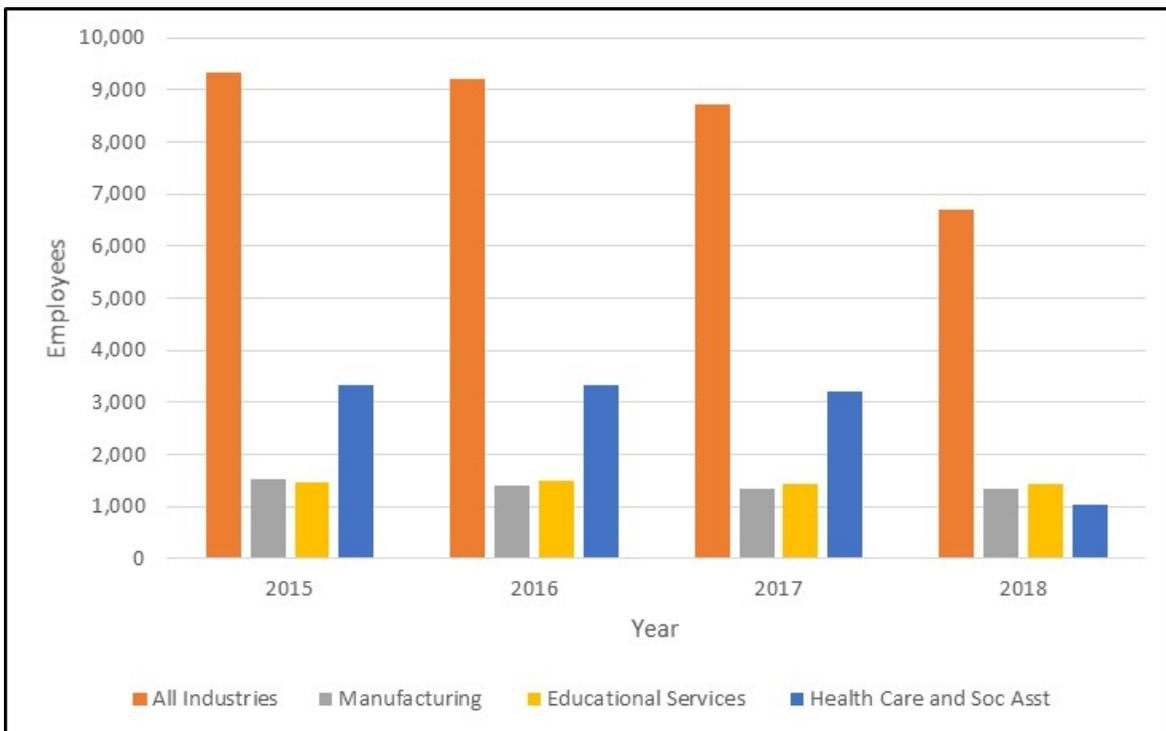
## Employment

Harvey's total at-place employment totaled 6,715 in 2018 (the most recent year available), a decline of 28% since 2015. The city's major employment sectors are Educational Services, Health Care and Social Assistance, Manufacturing, Accommodations and Food Services, Professional, Scientific and Professional Services, and Transportation and Warehousing. The largest decrease was in Health Care and Social Assistance, shedding 2,300 employees (70%). (Further research is needed to tell if this is truly accurate, since the decline was between 2017 and 2018. Decreases of this magnitude are typically the result of one or more major employers closing, which doesn't appear to be the case here.)

Figures 1 and 2 below show these trends.

Figure 1

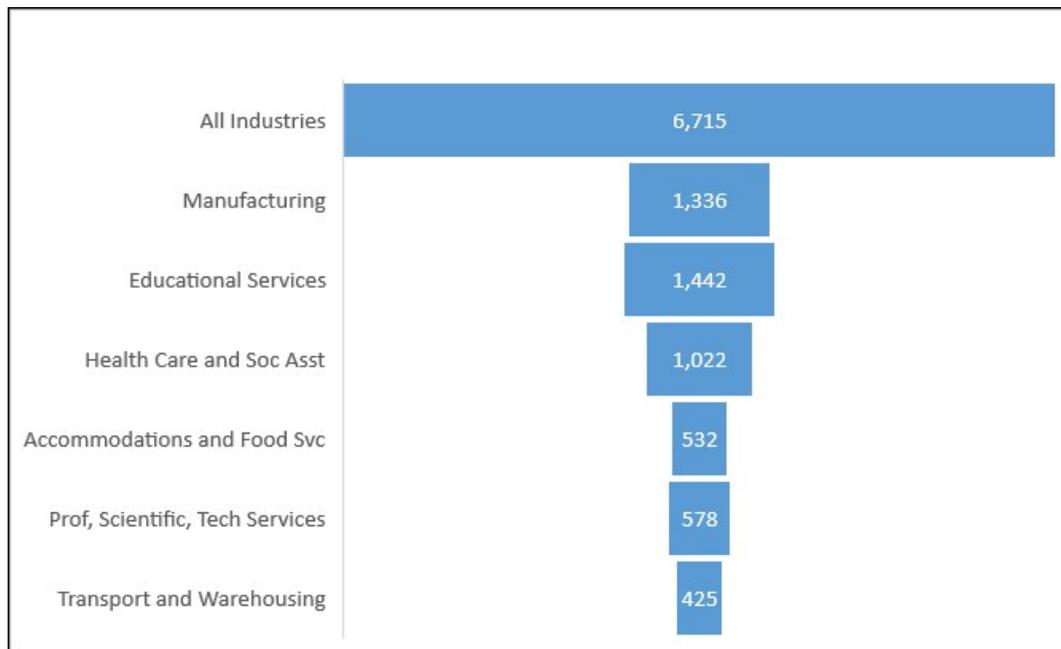
Harvey Employment Trends by Major Sector - 2015-2018



Source: U. S. Census, On The Map

Figure 2

Harvey Major Employment Sectors - 2018



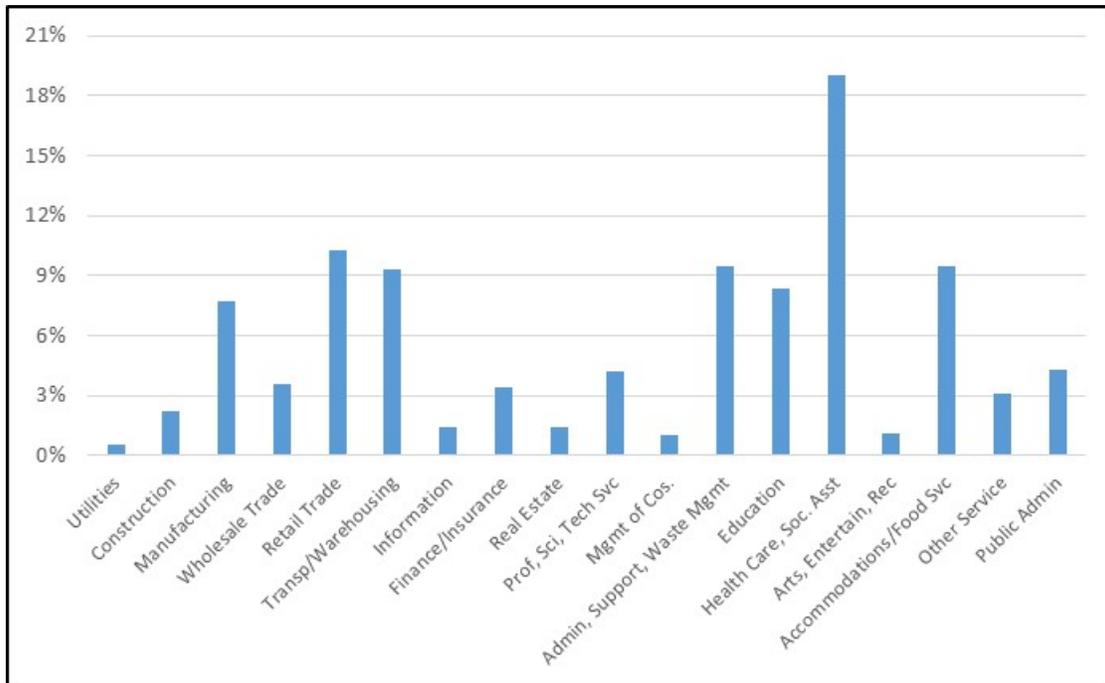
Source: U. S. Census, On The Map

Harvey residents are employed in many of the same sectors, with Health Care and Social Assistance, Education, Administrative, Support and Waste Management, Accommodations and Food Service, Retail Trade, and Transportation and Warehousing dominant, as shown in Figure 3 below.



Figure 3

Employment Sectors of Harvey Residents - 2018



Source: U.S. Census, On The Map

Harvey residents were severely impacted by the layoffs and furloughs resulting from COVID-19 last year. As of March 2021, the city's unemployment rate was very high at 17.1%, compared to 8.4% in Cook County and 7.5% in the Chicago metro area, according to the Illinois Department of Employment Security. Pre-COVID, Harvey's unemployment rate was 7.9%, still higher than the county and metro area, but well below the current rate.

## Housing

As of 2015-2019, the city had 11,000 housing units, though a very high 25% were vacant according to Census data. This is evident in driving around the city, with vacant homes in all neighborhoods. Local residents indicated that this is a major issue affecting property values, the image of the city, as well as contributing to squatters and crime. The City is trying to address this issue, through demolition (IHDA grant), acquisition (300 homes and lots), and grounds maintenance, to the extent it can given budgetary constraints.

Table 3

**2015-2019 HOUSING OCCUPANCY AND TENURE  
CITY OF HARVEY**

	Number	Percent
<u>Housing Occupancy/Vacancy</u>		
Total housing units	11,020	
Vacant units	2,749	24.9%
Vacant units for rent	161	4.0%
<u>Housing Tenure</u>		
Occupied housing units	8,271	
Owner-occupied units	4,408	53.3%
Renter-occupied units	3,863	46.7%
<u>Occupied Units for HHs Age 65+</u>		
Owner Occupied	1,614	72.9%
Renter Occupied	599	27.1%
<u>Occupied Units for HHs Ages 15-64</u>		
Owner Occupied	2,794	46.1%
Renter Occupied	3,264	53.9%

Source: U.S. Census, American Community Survey 2015-2019

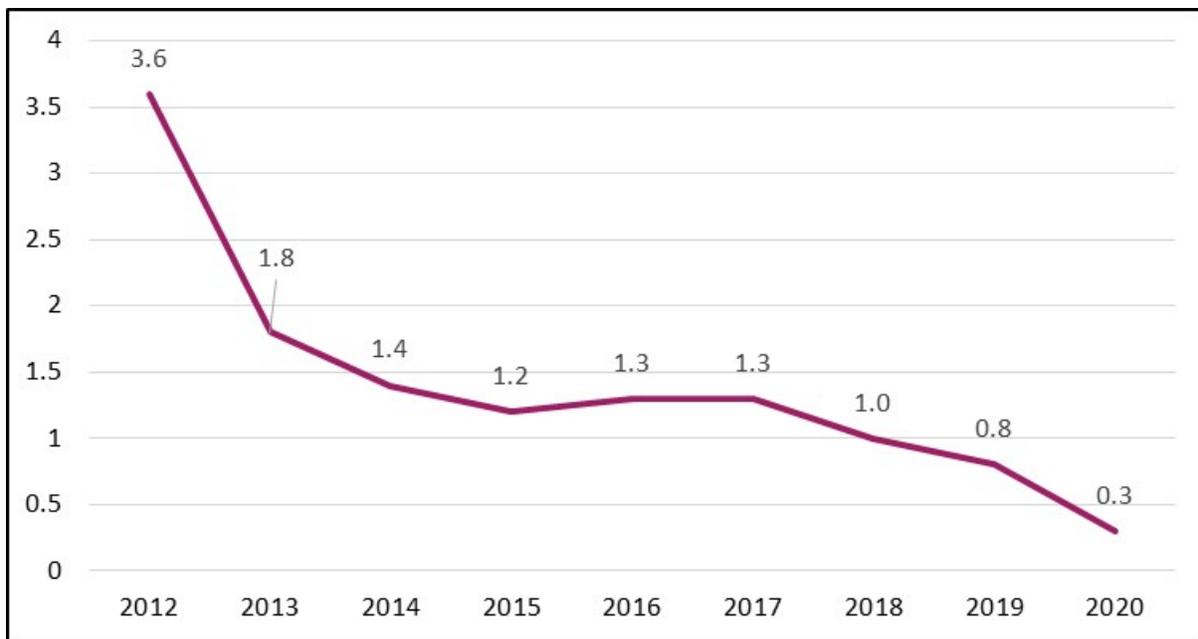
The city's housing is slightly more heavily weighted to owner-occupied housing (53%), though seniors are far more likely to be owners (73%) than younger households (46%).

For-Sale Market

Harvey was badly impacted by the foreclosure crisis. According to the DePaul Institute for Housing Studies, Harvey's foreclosure rate was 3.6 per 100 residential parcels in 2012, but has improved significantly since then, down to only 0.3 per 100 in 2020, as shown in Figure 4 below.

Figure 4

Harvey Foreclosures per 100 Residential Parcels



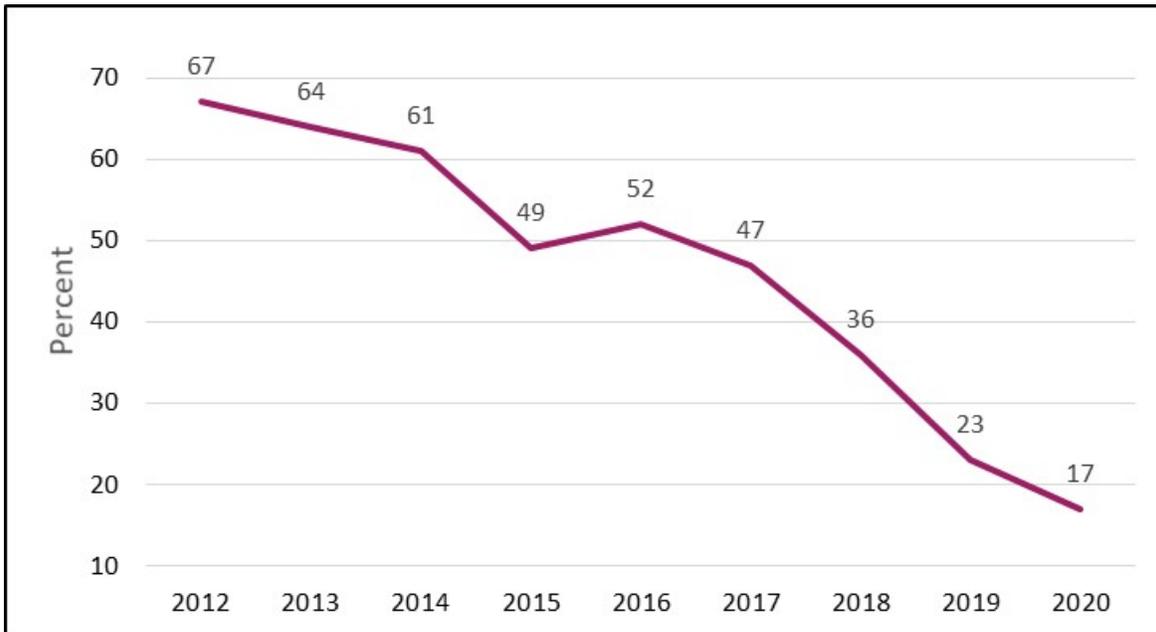
Source: DePaul Institute for Housing Studies

Two thirds of Harvey's residential sales were under \$20,000 in 2012, reflecting the high foreclosure rate. As the rate declined, so too did the number of sales for less than \$20,000, down to 17% as of 2020, as shown in Figure 5.



Figure 5

Percent of Residential Sales Under \$20,000 in Harvey



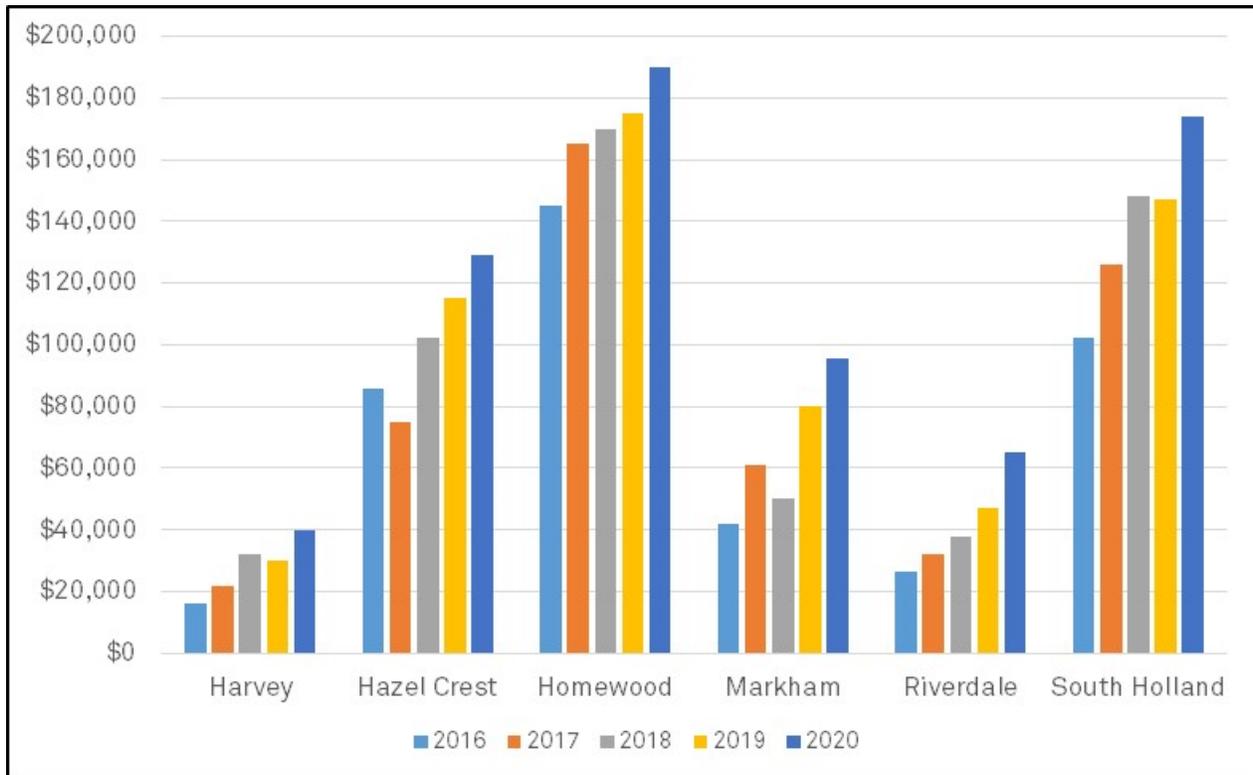
Source: DePaul Institute for Housing Studies

The median sales price of homes in Harvey increased over the past 5 years by 33% from \$16,000 in 2016 to \$40,000 in 2020. This is still well below the median sales prices in all of the neighboring communities, which ranged from \$65,000 in Riverdale to \$190,000 in South Holland.

Given the low housing prices and large number of vacant homes, new for-sale housing can't be built without a subsidy. There has been no single-family residential construction in Harvey in many years.

Figure 6

Median Home Prices in Harvey and Nearby Municipalities - 2016-2020



Source: MRED (Multiple Listing Service)

### Rental Housing

The rental vacancy rate is a very low 4.0%, compared to the very high overall vacancy rate in the city. While Census figures show almost 3,900 renter-occupied units, there are few market-rate apartment buildings, and most rental listings are for houses.

The median gross rent in the city is \$946. While one third of renters pay less than \$750, 42% pay more than \$1,000. However, more than half of the city's renters are cost burdened, paying more than 30% of their income in rent. Table 4 shows the rental characteristics in the city.

Table 4

**2015-2019 RENTAL CHARACTERISTICS  
HARVEY APARTMENTS MARKET AREA**

	<b>Number</b>	<b>Percent</b>
Total Renter-Occupied Housing Units	3,863	
Gross Rent		
Less than \$250	265	6.9%
\$250-\$499	425	11.0%
\$500-\$749	525	13.6%
\$750-\$999	861	22.3%
\$1,000-\$1,249	818	21.2%
\$1,250-\$1,499	540	14.0%
\$1,500-\$1,999	230	6.0%
\$2,000+	26	0.7%
No Cash Rent	173	4.5%
Median Gross Rent	\$946	
Gross Rent as Percent of Income		
Less than 15%	280	7.2%
15-19.9%	196	5.1%
20-24.9%	390	10.1%
25-29.9%	344	8.9%
30-34.9%	214	5.5%
35% or more	1,845	47.8%
Not computed	594	15.4%

Source: U.S. Census, American Community Survey 2015-2019

There are four affordable properties in the city, all senior housing, with subsidies and/or financing through HUD, IHDA and the Housing Authority of Cook County. South Suburban Elderly Housing is located at the south end of the TOD Study Area. POAH recently received an allocation of Low-Income Housing Tax Credits to renovate the building. In addition to these four buildings, there are currently



411 households with vouchers living in private housing in the city according to the Housing Authority of Cook County.

MVAH recently received approval from the City of Harvey and from IHDA for development of 51 affordable units for individuals and families. Construction should start next year. This building is located in the TOD Study Area and will be the first new residential construction in the city in many years.

The affordable senior properties and their unit counts are:

South Suburban Elderly	120 units
Turlington West	150 units
Jesse Jackson Jr. Senior Housing	120 units
Bethlehem Village	72 units

The first three properties are fully occupied with wait lists. Tenants pay 30% of their income in rent. We were unable to reach anyone at Bethlehem Village. Table 5 below provides information on these properties. The map that follows shows the location of these buildings.

#### Demand for New Housing in Harvey and the Study Area

Given the incomes of residents in Harvey, new development in the near term should be rental and affordable, at a range of incomes from 30% to 80% of the Area Median Income or AMI. Most affordable housing is developed using Low-Income Housing Tax Credits allocated by IHDA. Additional public funds are typically needed, including from local and county sources. Some project-based subsidies may also come from the Housing Authority of Cook County to help lower the rent for those with the lowest incomes. At this time, there are no active federal funding programs for affordable family and senior housing, though it is possible that funding could be available in the future.

Affordable housing has maximum rent and income limits that are set by HUD each year. The limits applicable to Harvey are those for the Chicago Metro Area. Developers apply to IHDA for funding in a competitive process, which is what MVAH did for Harvey Lofts. The rents for a given project must be at or less than the maximum allowable rents in order to be affordable to the target population. The maximum allowable incomes and rents are shown in Table 6 below.



Table 5  
EXISTING AFFORDABLE HOUSING IN HARVEY

Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent (\$)	Occupancy (%)	Building Details
<b>South Suburban Elderly (YMCA Senior Housing)</b> 176 E 155th St 708-982-1245	1946	120	1 BR/1Bath	30% of income	100%	<p><b>Building:</b> Opened in 1946 w/ 50 units, 70 units added in 1982. YMCA of Metropolitan Chicago is currently managing. HUD Section 202/8 building. POAH will close on building by YE 2021.</p> <p><b>Unit Features:</b> Refrigerator, stove, air conditioning. 10% of apartments are handicapped accessible and barrier free. Utilities included in rent</p> <p><b>Amenities:</b> 24-hour security, 2 common area lounges, activity room, computer lab, on-site laundry, free fitness privileges at partner YMCAs</p> <p><b>Availability/Other:</b> Wait list.</p>
<b>Turlington West Apts</b> <b>South Suburban Senior Living</b> 15306 S Robey Ave 708-210-5577	1977 2018 renovation	150	1 BR/1Bath	30% of income	100%	<p><b>Building:</b> Opened in 1977, fully renovated in 2018 including new appliances, flooring, bathroom fixtures, windows, paint, and kitchen cabinets. Owned by South Suburban Senior Living LLC, managed by Housing Authority of Cook County</p> <p><b>Unit Features:</b> Refrigerator, stove, air conditioning.</p> <p><b>Amenities:</b> On site parking, 24-hour maintenance staff, onsite management office, BBQ patio area, secured building access, exterior/interior security cameras, laundry facility, community room</p> <p><b>Availability/Other:</b> Waiting list is currently closed, at capacity.</p>



Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent (\$)	Occupancy (%)	Building Details
<b>Jesse Jackson Jr. Senior Housing</b> 166 & 174 W 151st Street 708-589-2105	2007	120	1 BR/1Bath	30% of income	100%	<b>Building:</b> 2 adjacent mid-rise buildings. Section 202. Acquired by POAH in 2019. <b>Unit Features:</b> Refrigerator, stove, air conditioning. <b>Amenities:</b> Community room, exercise room, laundry facilities, library, on site parking. Residents can also opt in to be connected with social services, health resources, and community programming. <b>Availability/Other:</b> Waiting list is currently closed, at capacity.
<b>Bethlehem Village</b> 14725 S Vine Ave 708-333-4707	1999	72	1 BR 2 BR	NA NA	NA	<b>Building:</b> Mid-rise senior building. Repeated calls not returned.

NA - Not Available

Source: Kretchmer Associates



# Harvey Affordable Housing

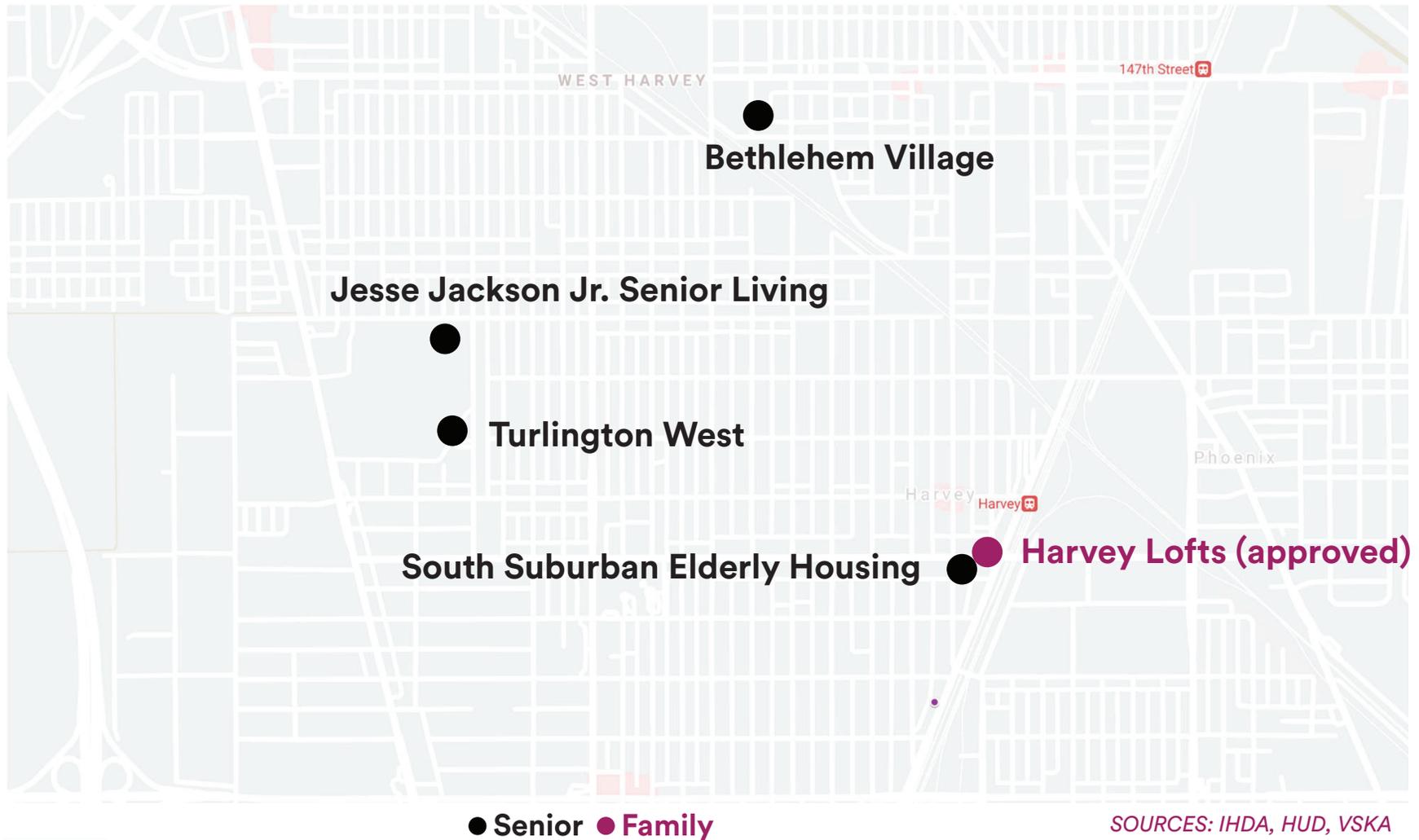


Table 6

**MAXIMUM 2021 COOK COUNTY INCOME AND RENT LIMITS**

<b>Income</b>	<b>1 Person</b>	<b>2 People</b>	<b>3 People</b>	<b>4 People</b>	<b>5 People</b>	<b>6 People</b>	<b>7 People</b>	<b>8 People</b>
120% AMI	\$78,360	\$89,520	\$100,680	\$111,840	\$120,840	\$129,840	\$138,720	\$147,720
80% AMI	\$52,200	\$59,650	\$67,100	\$74,550	\$80,550	\$86,500	\$92,450	\$98,450
70% AMI	\$45,710	\$52,220	\$58,730	\$65,240	\$70,490	\$75,740	\$80,920	\$86,170
60% AMI	\$39,180	\$44,760	\$50,340	\$55,920	\$60,420	\$64,920	\$69,360	\$73,860
50% AMI	\$32,650	\$37,300	\$41,950	\$46,600	\$50,350	\$54,100	\$57,800	\$61,550
40% AMI	\$26,120	\$29,840	\$33,560	\$37,280	\$40,280	\$43,280	\$46,240	\$49,240
30% AMI	\$19,590	\$22,380	\$25,170	\$27,960	\$30,210	\$32,460	\$34,680	\$36,930
20% AMI	\$13,060	\$14,920	\$16,780	\$18,640	\$20,140	\$21,640	\$23,120	\$24,620
10% AMI	\$6,530	\$7,460	\$8,390	\$9,320	\$10,070	\$10,820	\$11,560	\$12,310

<b>Income</b>	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedrooms</b>	<b>3 Bedrooms</b>	<b>4 Bedrooms</b>	<b>5 Bedrooms</b>
120% AMI	\$1,959	\$2,098	\$2,517	\$2,908	\$3,246	\$3,580
80% AMI	\$1,305	\$1,398	\$1,677	\$1,938	\$2,162	\$2,386
70% AMI	\$1,142	\$1,224	\$1,468	\$1,696	\$1,893	\$2,088
60% AMI	\$979	\$1,049	\$1,258	\$1,454	\$1,623	\$1,790
50% AMI	\$816	\$874	\$1,048	\$1,211	\$1,352	\$1,491
40% AMI	\$653	\$699	\$839	\$969	\$1,082	\$1,193
30% AMI	\$489	\$524	\$629	\$727	\$811	\$895
20% AMI	\$326	\$349	\$419	\$484	\$541	\$596
10% AMI	\$163	\$174	\$209	\$242	\$270	\$298

AMI - Area Median Income

Source: Illinois Housing Development Authority

Kretchmer Associates analyzed the potential market penetration and demand for affordable senior and family apartments in the area from which new construction in Harvey might draw. This is the area within a 10-minute drive of the Harvey Metra station. We looked at the incomes of households under 65 for family housing and over 65 for senior housing. We compared the number of affordable units currently open and approved, not just in Harvey, but also in the other communities within a 10-minute drive. In addition to the aforementioned affordable properties in Harvey, there are seven affordable senior buildings and one affordable family building. In total, the 10-minute market area has 1,092 affordable senior units and 151 family units (including Harvey Lofts).

### *Senior Housing*

Table 7 below shows the number of senior households by income and the penetration rate of the existing affordable senior units of the households over age 65 with incomes less than \$40,000. The number of seniors with incomes under \$40,000 is projected to increase slightly (0.6%) between 2021 and 2026 due to the aging of the population.

The current penetration rate is 13.6% in 2021, a reasonable overall rate, indicating that the 10-minute market area can support additional affordable senior housing. Typically a market can support 18-20% of the age and income-qualified households before it may be saturated and existing properties have occupancy issues. Assuming a penetration rate of 18-20%, the market area could support an estimated 365-527 additional affordable senior units over the next five years. However, not all of this demand will be met in Harvey. Other communities in the market area may approve additional senior housing, though no projects are in the pipeline at the present time.



Table 7

**SENIOR AFFORDABLE HOUSING MARKET PENETRATION AND DEMAND ANALYSIS  
HARVEY 10-MINUTE DRIVE AREA**

	2021	2026
<b>Market Area Households 65+</b>	14,252	15,320
Income Under \$15,000	2,471	2,520
Income \$15,000-\$24,999	2,248	2,172
Income \$25,000-\$39,999	3,326	3,404
Income \$40,000-\$49,999	1,727	1,794
Income \$50,000-\$75,000	1,772	1,997
Income \$75,000+	<u>2,708</u>	<u>3,433</u>
Target Households with incomes Under \$40,000	8,045	8,096
 Existing Affordable Senior Apartments	 1,092	 1,092
Penetration of Existing Units of Households 65+ with Incomes under \$40,000	13.6%	13.5%
 Potential New Supportable Units for Households 65+ with Incomes Under \$40,000 (To reach 18-20% penetration)	 356 517	 365 527

Source: Kretchmer Associates and Esri

### *Family Housing*

There is significant unmet demand for more family apartments for younger households. There is only one property in Robbins (Housing Authority of Cook County) in the 10-minute market area. Harvey Lofts will be a significant addition to the inventory. However, even with this new building, the overall market penetration rate is extremely low at only 1.1% of the households with incomes under \$50,000. Since the maximum allowable incomes increase with household size, a four-person household at 60% AMI can earn up to \$56,000 and qualify. Thus, there is significant unmet demand.

We estimate demand for affordable family housing based on the likely share of renter households with incomes under \$50,000 (estimated at 68% of households in the income range). Applying the 18-20% share, we estimate demand for 1,374-1,649 additional affordable units in the 10-minute market area by 2026. Again, only a portion of this demand is likely in Harvey, though the amount the city can capture depends in part on what other communities will approve.

In addition, we looked at the potential demand for family rental apartments for those with incomes of \$50,000-75,000 (up to 80% AMI). We estimate the renter share for this group at 40%. With no new apartments built for this population in years in the 10-minute market area, we estimate demand for 257-386 units by 2026. This is not just for Harvey, but for the market area.

Table 8 shows the penetration and demand for family rental housing.



Table 8

**FAMILY AFFORDABLE HOUSING MARKET PENETRATION AND DEMAND ANALYSIS  
HARVEY 10-MINUTE DRIVE AREA**

	<b>2021</b>	<b>2026</b>
<b>Market Area Households Under 65</b>	36,290	33,911
Income Under \$15,000	6,029	4,989
Income \$15,000-\$24,999	2,870	2,253
Income \$25,000-\$39,999	4,490	3,807
Income \$40,000-\$49,999	2,763	2,423
Income \$50,000-\$75,000	7,073	6,436
Income \$75,000+	<u>13,065</u>	<u>14,003</u>
Target Households with incomes Under \$50,000	16,152	13,472
Existing and Approved Affordable Family Apartments	100	151
Penetration of Existing and Approved Units of Households Under 65 with Incomes under \$50,000	0.6%	1.1%
Estimated Renter Households Under 65 with Incomes Under \$50,000 (68% of Total)	10,983	9,161
Potential New Supportable Units for Households Under 65 with Incomes Under \$50,000 (15-18% of Renter Households)	1,648 1,977	1,374 1,649
Estimated Renter Households Under 65 with Incomes \$50,000-75,000 (40% of Total)	2,829	2,574
Potential New Supportable Units for Households Under 65 with Incomes \$50,000-\$75,000 (10-15% of Renter Households)	283 424	257 386

Source: Kretchmer Associates, Esri and 2019 American Community Survey

### Implications for Housing in the Study Area

Given the low housing values, large number of vacant single-family homes, and limited supply of apartments, we recommend that priority be given to rehabbing existing homes where possible, rather than focusing on new for-sale housing. Small scale rehabilitation is already underway on one block near the Study Area, and this should be encouraged in and near the Study Area. This will improve the overall image and perception of the community. IHDA has grants to municipalities to demolish abandoned single-family homes, as well as funds for a single-family rehab program.

New rental development in Downtown and on the blocks leading to Ingalls Hospital should be targeted in the first stage of new development. A range of housing types is appropriate, including mid-rise buildings such as Harvey Lofts in Downtown, as well as two and three-story walk-up buildings or townhouses along 154th Street to fill in the gap between Downtown and Ingalls. Since there is so much vacant land, it is important to fill in the gaps in concentrated blocks. This will have a more positive impact than scattered site development, and will reinforce Downtown for future retail uses.

The use of Low-Income Housing Tax Credits, Cook County funds, Housing Authority of Cook County project-based housing vouchers, TIF, and other potential funding sources will be required to make rental developments financially feasible. Major banks are investing in community revitalization efforts, especially where they have branches. The City needs to reach out to the managers of the local Fifth Third Bank and First Merchants Bank branches to make them aware of Harvey's opportunities and needs, and to secure funding for revitalization efforts.

A Cook County tax assessment reduction is available for affordable housing, which will further reduce the high property tax burden in Harvey. Employer assisted housing by major employers such as Ingalls, local banks and companies in the city could further assist employees who might be enticed to live closer to work.

Affordable for-sale homes should be a later phase, but would be suitable along 155th Street and nearby blocks. These will require a variety of subsidies, including down payment assistance to homebuyers, free or reduced priced land to developers, and low-interest mortgages. Since buying a home is a long-term commitment, further Downtown improvements will be needed to give buyers the confidence that their investment will increase in value.



Several developers are starting to use modular construction as a way to build more quickly at lower cost, while maintaining quality. This could be explored in Harvey.

## Retail and Office Market

### Overview

The retail industry's problems have been widely reported and are not unique to the Chicago metro area. E-commerce impacted sales at brick and mortar locations even before COVID-19 and accelerated in the past 20 months. Developers overbuilt and retailers expanded too aggressively. Many retailers were struggling due to leveraged buy-outs, outdated stores and concepts before 2020. COVID accelerated the demise of many national retailers, and hurt regional and local retailers that couldn't keep their businesses open. Not all landlords were willing or able to renegotiate leases to keep their tenants.

Retailers are becoming more cautious when evaluating new store locations and have been closing underperforming stores. National chains are looking at established business locations and don't want to be pioneers. Fewer large format stores are looking for space, but those who are can find many options in space vacated by the likes of Kmart, Sears, Best Buy, JC Penney, Sports Authority, Art Van, Ultra Foods, Pier One, etc.

However, the market has been improving since this spring as stores and restaurants could open to full capacity. Restaurants, in particular, have been looking at vacant former restaurant spaces in good locations, where they don't have to do much renovation work. This reduces the upfront cost of opening.

### Existing Conditions in Harvey

At present, there are very limited retail options Downtown and in the TOD Study Area. A small neighborhood grocer, Abuzir's, serves the immediate neighborhood, but residents must leave for most shopping and dining. The closest major grocery stores are in neighboring Dixmoor (Aldi), South Holland (Walt's and Jewel), and Homewood (Jewel, Walt's, Walmart). Several small Hispanic grocers are on Dixie Highway, and Jet Foods has a sign that it is opening in Dixie Town Square.





Even with the strong Metra and Pace ridership, there are few options for grabbing coffee or snacks, take-out and in-person dining in the TOD Study Area. The only restaurant at the west end of the Study Area is Popeye's on Wood Street by Ingalls Hospital.

The major retail corridors in Harvey are 159th and 147th streets, outside of the Study Area. Traffic counts are significantly higher on these two streets than in other parts of the city or the Study Area. Average daily traffic counts are 31,000 at 147th and 32,600 at 159th and Halsted streets. Dixie Highway has 18,400 between 147th and 159th streets.

147th and 159th streets have a variety of fast food restaurants and dollar stores but lack any anchors. Aldi closed on 159th Street and Wood, and the building has been vacant for a couple of years. Walgreens closed on 147th and Halsted streets. However, there are two smaller, attractive strip centers built by Sahloul Enterprises on the west side of Harvey on 159th and 147th streets that have stayed well occupied with a mix of small retail and service tenants, even during the pandemic. These are the best looking retail developments in Harvey and could be a model for future development.

The Study Area will not be able to compete with the large retail concentration along Halsted Street south of I-80 in Homewood. That is a sub-regional shopping area with high traffic counts (34,700 ADT), and major stores including Target, Walmart, Home Depot, Menards, Kohl's, TJ Maxx, Ross, and Jewel, as well as numerous restaurants. 162nd Street in South Holland (159th Street in Harvey) also has high traffic (33,700 ADT), and two major grocery stores, multiple restaurants, and convenience-oriented retail and service businesses. Both of these areas benefit from being on major arterials with excellent visibility.

There is very limited office space in the TOD Study Area other than medical space around Ingalls Hospital. The Fifth Third Bank Building Downtown has space, but it does not appear to be in good condition and is not even marketed.

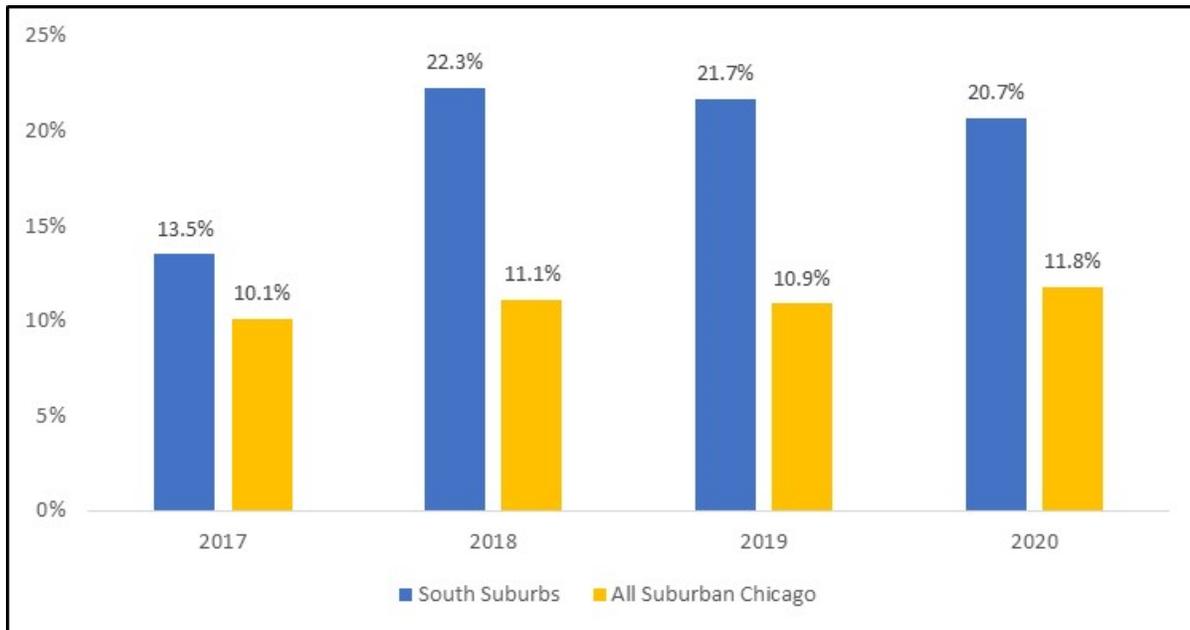
### South Suburban Market Trends

Harvey is part of the South Suburbs sub-market as delineated by commercial real estate firm CBRE. According to 2020 year-end data, the retail vacancy rate in the South Suburbs was 20.7%, an increase since 2017 when it was 13.5%. Though the rate has improved over the past two years, it still remains extremely high. In comparison, the overall suburban Chicago vacancy rate was 11.8% in 2020. Figure 7 below shows these trends.



Figure 7

South Suburbs and Chicago Suburban Retail Vacancy Trends - 2017-2020



Source: CBRE

The increase in vacancy was accompanied by an overall decrease in net absorption (the difference in the amount of occupied space in one period compared to the prior period). Asking rents have declined in the past two years, now ranging from \$15.07-20.98 in the South Suburbs and \$16.55-20.66 in the suburbs overall. However, many brokers report that rent is highly negotiable at this time.

The South Suburbs are at a competitive disadvantage in attracting retailers due to high property taxes. Since retail rents are typically quoted on a triple net basis in which the tenant pays extra for its pro rata share of real estate taxes, common area maintenance, and property insurance, the rents that a landlord can charge have to be lower to account for the high taxes. This further dampens interest from potential developers in south Cook sites, unless they receive a tax abatement or a Cook County Class 7 tax assessment reduction.

The South Suburbs represent a small share of the total suburban Chicago office market with only 3 million square feet, of which only 12% is considered Class A. The 2021 vacancy rate is 23.5% according to recent CBRE data, comparable to the overall suburban Chicago rate. Most of the space is targeted to professionals and service-oriented businesses. With so much vacant office space here and throughout the metro area, tenants have lots of choices. The uncertainty surrounding the future of in-office vs. work from home due to COVID, will keep office demand low for the foreseeable future.

### Retail Sales Trends

Harvey 's consumer retail sales (excluding agriculture and manufacturers) totaled \$88.6 million in 2020, down 6% from 2019 prior to the pandemic, according to the Illinois Department of Revenue. The largest categories were automotive and filling stations, drugs and miscellaneous retail, drinking and eating places, and food. However, it is likely that this year will see a decrease in sales in the drug category since Walgreens closed. The extent to which Homewood is the dominant retail destination is evident in its sales of \$522 million in 2019. Figure 8 below shows Harvey's retail sales from 2018-2020 by category.

It is also useful to look at the per capita retail sales to see how Harvey is doing compared to its neighbors. In total, Harvey's 2019 sales (pre-COVID) were only \$3,845 per person. This was higher than Riverdale (\$1,602), but significantly lower than Homewood (\$26,042). The higher the number, the more sales the community is attracting from people living outside of it. Figure 9 shows the sales per capita by category and shows the extent to which Homewood is attracting sales from all of its neighbors.

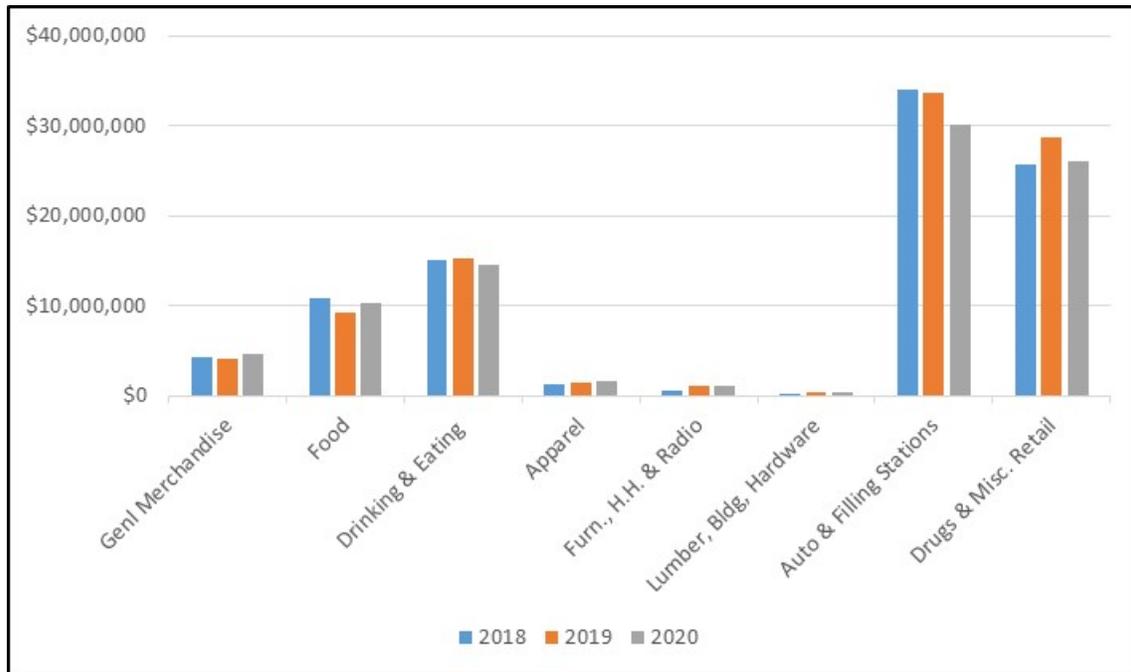
### Implications for Retail and Office Space in the Study Area

There is a great need for additional retail stores, restaurants, and personal services of all types to serve the existing population in Harvey. However, the current perception of the city as a whole and the Study Area is negative, though this is changing under the current City administration. With the preponderance of vacant lots and boarded up buildings, it will take a sustained effort to change the impression of decline.



Figure 8

Harvey Retail Sales by Category - 2018-2020

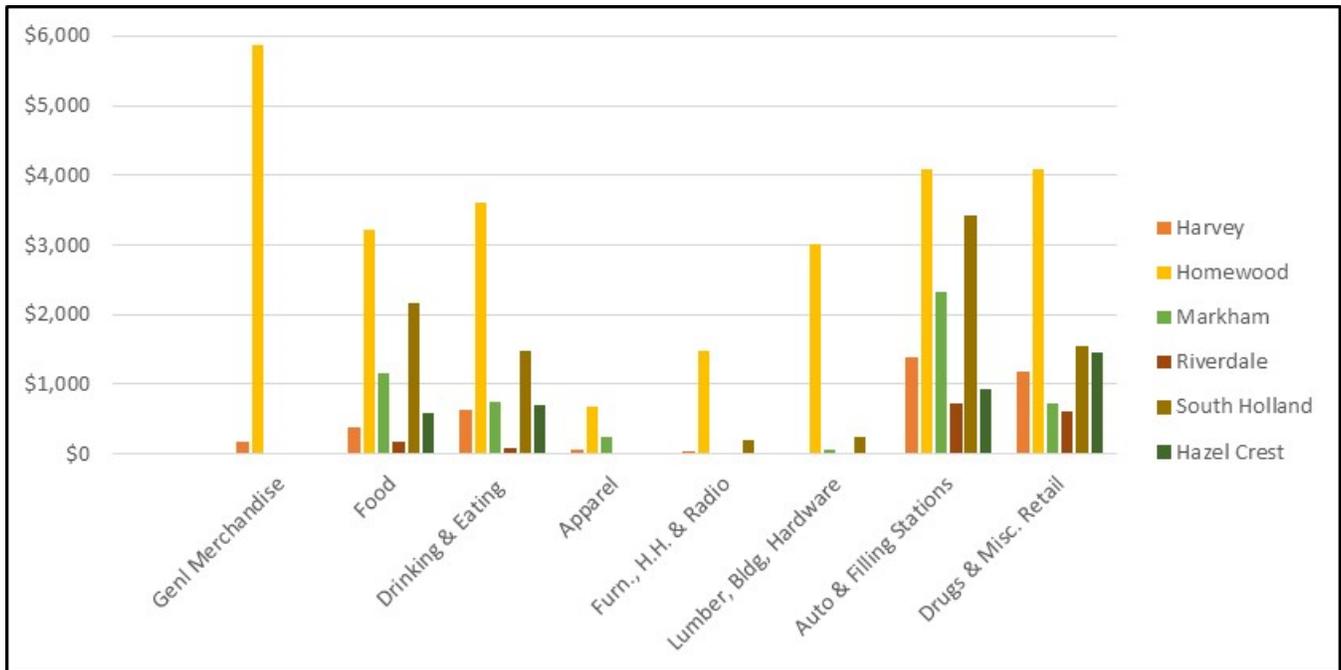


Source: Illinois Department of Revenue

Many retailers look for a minimum population at certain income levels to even consider a location, for example, 50,000 people within 3 miles with mid to high incomes. Downtown Harvey meets this population but not the income threshold. In addition to their space requirements, companies have criteria that may include minimum traffic counts, signalized intersections, adjacencies to certain types of complementary businesses, minimum parking requirements, and even which side of the street they will consider (such as the going to work side for coffee shops). While chain retailers will often consider business districts and sites near transit stations, many still look primarily at commercial corridor locations.

Figure 9

2019 Retail Sales Per Capita - Harvey and Nearby Municipalities



Source: Illinois Department of Revenue; Esri; Kretchmer Associates

Therefore, the likely businesses that can be attracted to the Study Area are small and local. Some national restaurants or coffee shops might be possible near the train station to draw commuter traffic, high school staff and students, and local residents. A full service grocery store is less likely to locate Downtown than along one of the streets with higher traffic counts.

Key to attracting retailers is appropriate space, and Downtown has few at present. Small entrepreneurs with ties to Harvey and the south suburbs are potential tenants, assuming properties are in good condition, have reasonable rents, and business owners can feel confident that they and their customers will be safe. The Hispanic population in Harvey is growing and Hispanic entrepreneurs should be part of the business mix. Even small efforts to landscape vacant lots, clean up trash, or put art or plants inside vacant storefronts, can send a message that property owners and the City care.



Some of the existing Downtown buildings have a lot of character and owners should be approached about renovating or selling to someone who is willing to upgrade the buildings. New construction on prime blocks will likely need incentives to be financially feasible given achievable rents. This is in addition to the essential Cook County Class 7 property tax assessment reduction.

The City needs to build relationships with local bankers and other organizations that assist and fund small and minority entrepreneurs. Large banks with a Chicago presence, including Fifth Third, U.S. Bank, PNC, BMO Harris, and JP Morgan Chase, have active community development divisions. Organizations such as the Southland Development Authority and Allies for Community Business provide technical assistance to local entrepreneurs and assist them with grants and loans.

Harvey needs to be pro-active in marketing its available space. The City's website needs to have information on available space and contacts. The City could engage the services of an experienced retail broker to market available spaces, in addition to relying on small owners to find tenants.

Attracting retailers and restaurants to Harvey will take time. Potential businesses will look at multiple locations before deciding on the best fit in terms of location, space, and price. It is important to cluster as many businesses as possible on one block so that customers can easily patronize multiple stores in one visit, avoid the need to drive from one store to another, and to show that the block has enough activity to be safe and inviting. Given the challenges in finding and attracting businesses, Harvey needs to concentrate its efforts on key locations, and not take a scattershot approach.

Ingalls Hospital is a destination in its own right. Some convenience-oriented retail and restaurant space is appropriate along Wood Street to serve hospital staff, visitors, and nearby residents. However, it is unlikely that the city can attract enough retailers to populate both Downtown and the Wood Street corridor near the hospital in the next few years.

There is very little traditional demand for office space from professional, financial, and service companies in the TOD Study Area and in Harvey. With Ingalls Hospital a major south suburban destination, it is possible that more medical office space will be needed in the coming years. Most of this demand would be on or adjacent to the hospital campus, though potentially allied health providers (therapy centers, dialysis centers, social workers, etc.), an urgent care center, social service, or government agencies could locate in a new building Downtown. New construction will be necessary since there are no suitable buildings Downtown at this time. Smaller service businesses can also locate in retail space.





All of this will take a concerted, long-term sustained effort on multiple fronts to improve the image, change perceptions, and provide a safe and inviting environment, that make people want to live, invest, and spend time in the Study Area.





APPENDIX

Households by Age and Income, 5- and 10- Minute Drive Time

Median Home Sale Prices in Harvey and Neighboring Municipalities



**HOUSEHOLDS BY AGE AND INCOME**  
**5-Minute Drive Time**

	2021		2026		Change	
	Number	Percent	Number	Percent	Number	Percent
<b>Households by Age</b>	8,786		8,087		-699	-8.0%
Age 15-24	191	2.2%	170	2.1%	-21	-11.0%
Age 25-34	1,316	15.0%	1,156	14.3%	-160	-12.2%
Age 35-44	1,480	16.8%	1,166	14.4%	-314	-21.2%
Age 45-54	1,480	16.8%	1,375	17.0%	-105	-7.1%
Age 55-64	<u>1,728</u>	<u>19.7%</u>	<u>1,539</u>	<u>19.0%</u>	<u>-189</u>	<u>-10.9%</u>
Total Under 65	6,195	70.5%	5,406	66.8%	-789	-12.7%
Age 65+	2,591	29.5%	2,681	33.2%	90	3.5%
<b>Household Income - Under Age 65</b>						
\$0-\$14,999	1,616	26.1%	1,023	18.9%	-593	-36.7%
\$15,000-\$24,999	641	10.3%	510	9.4%	-131	-20.4%
\$25,000-\$34,999	610	9.8%	517	9.6%	-93	-15.2%
\$35,000-\$49,999	618	10.0%	549	10.2%	-69	-11.2%
\$50,000-\$74,999	1,184	19.1%	1,127	20.8%	-57	-4.8%
\$75,000+	1,526	24.6%	1,680	31.1%	154	10.1%
<b>Household Income - Age 65+</b>						
\$0-\$14,999	695	26.8%	705	26.3%	10	1.4%
\$15,000-\$24,999	556	21.5%	539	20.1%	-17	-3.1%
\$25,000-\$34,999	440	17.0%	436	16.3%	-4	-0.9%
\$35,000-\$49,999	352	13.6%	353	13.2%	1	0.3%
\$50,000-\$74,999	265	10.2%	294	11.0%	29	10.9%
\$75,000+	283	10.9%	354	13.2%	71	25.1%

Source: Esri

**HOUSEHOLDS BY AGE AND INCOME**  
**10-Minute Drive Time**

	2021		2026		Change	
	Number	Percent	Number	Percent	Number	Percent
<b>Households by Age</b>	50,542		49,231		-1,311	-2.6%
Age 15-24	829	1.6%	756	1.5%	-73	-8.8%
Age 25-34	7,204	14.3%	6,465	13.1%	-739	-10.3%
Age 35-44	8,502	16.8%	8,954	18.2%	452	5.3%
Age 45-54	9,000	17.8%	8,211	16.7%	-789	-8.8%
Age 55-64	<u>10,755</u>	<u>21.3%</u>	<u>9,525</u>	<u>19.3%</u>	<u>-1,230</u>	<u>-11.4%</u>
Total Under 65	36,290	71.8%	33,911	68.9%	-2,379	-6.6%
Age 65+	14,252	28.2%	15,320	31.1%	1,068	7.5%
<b>Household Income - Under Age 65</b>						
\$0-\$14,999	6,029	16.6%	4,989	14.7%	-1,040	-17.2%
\$15,000-\$24,999	2,870	7.9%	2,253	6.6%	-617	-21.5%
\$25,000-\$34,999	3,129	8.6%	2,614	7.7%	-515	-16.5%
\$35,000-\$49,999	4,124	11.4%	3,616	10.7%	-508	-12.3%
\$50,000-\$74,999	7,073	19.5%	6,436	19.0%	-637	-9.0%
\$75,000+	13,065	36.0%	14,003	41.3%	938	7.2%
<b>Household Income - Age 65+</b>						
\$0-\$14,999	2,471	17.3%	2,520	16.4%	49	2.0%
\$15,000-\$24,999	2,248	15.8%	2,172	14.2%	-76	-3.4%
\$25,000-\$34,999	2,476	17.4%	2,520	16.4%	44	1.8%
\$35,000-\$49,999	2,577	18.1%	2,678	17.5%	101	3.9%
\$50,000-\$74,999	1,772	12.4%	1,997	13.0%	225	12.7%
\$75,000+	2,708	19.0%	3,433	22.4%	725	26.8%

Source: Esri



**MEDIAN HOME SALE PRICES IN HARVEY AND NEIGHBORING MUNICIPALITIES**

	2016		2017		2018		2019		2020		2016-2020
	Price	YOY % Change	% Change								
Harvey	\$15,975	-0.2%	\$22,000	37.7%	\$32,000	45.5%	\$30,000	-6.3%	\$40,000	33%	150.4%
Hazel Crest	\$86,000	43.3%	\$75,000	-12.8%	\$102,000	36.0%	\$115,000	12.7%	\$129,300	12%	50.3%
Markham	\$42,000	35.5%	\$61,000	45.2%	\$50,000	-18.0%	\$80,000	60.0%	\$95,400	19%	127.1%
Riverdale	\$26,650	15.9%	\$32,000	20.1%	\$38,000	18.8%	\$47,000	23.7%	\$65,000	38%	143.9%
Homewood	\$145,000	11.5%	\$165,000	13.8%	\$170,000	3.0%	\$175,000	2.9%	\$190,000	9%	31.0%
South Holland	\$102,000	-5.6%	\$126,000	23.5%	\$148,000	17.5%	\$147,000	-0.7%	\$174,000	18%	70.6%

Source: Midwest Real Estate Data